



State of Washington
Department of Revenue

Excise Tax Advisory

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CLEARING LAND AND MOVING EARTH FOR COMMERCIAL FARMERS

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Are activities by one who performs earth moving and clearing services for commercial farmers exempt from the retail sales tax because the work is done for agricultural purposes?

The taxpayer operated a bulldozer and performed certain earth moving and clearing services, including removing stumps and constructing roads for commercial farmers.

Generally, activities of this kind constitute retail sales and are subject to the retail sales tax irrespective of the fact the work is done for agricultural purposes. RCW 82.04.050 includes in its definition of retail sale the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture. The removal of stumps for agricultural purposes constitutes the "clearing of land" within this definition and is subject to the retail sales tax. Likewise, bulldozing roads constitutes "the moving of earth" and/or "clearing of land" and is also subject to the retail sales tax. The mere leveling of land is also subject to the retail sales tax. The mere leveling of land used in commercial farming or agriculture is not subject to the retail sales tax but the gross income received from an activity of this type is subject to the business and occupation tax under the Service and Other Activities classification at the rate .01. Additionally, for hire activities of cultivation conducted on commercial farms which involve the mere disturbance of earth are not considered to be "moving of earth" within the intent of the statute. These activities include plowing, rototilling, discing, and harrowing. Income received from these activities is also subject to the business and occupation tax under the Service and Other Activities classification.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov